COT/Sentiment/OI/Range Cycles/Fibs/Pivots/Figure

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- Use COT data to look for some kind of directional bias.
- The Commercial traders will win the tug-o-war between them and large speculators every time. When they are diametrically opposed in the COT data, then go with the Commercial traders direction.
- A 20 period Williams %R on a daily chart can be used as a replacement for the Market Vein sentiment indicator.
- The March contract closed at a higher price than the June contract. The closer months should be cheaper and the further months should be more expensive. When this is reversed, it indicates a huge demand for the underlying commodity. This is backwardization in the premiums for the contracts. The nearby contracts are trading at a higher price versus the next month out. There will probably be some buyers entering the market.
- Since the commodity markets are driven by the Commercial producers and consumers, we need to try to ride their coat tails.
- Commercial traders are the largest short sellers in the market because they are hedging their business needs.
- When open interest increases, it is an indication that Commercial traders are increasing their net shorts.
- When open interest declines, it is an indication that Commercial traders are reducing their net short positions.
- A rapid decline in open interest is a huge red flag and there is only a 1 day lag of when open interest is updated to today's trading day. Open interest is basically your COT data that is just 1 day late.
- Commercial traders would only rapidly reduce net short positions if they expected higher prices and sharply higher prices.
- Small daily bars are an indication that we are in consolidation or low trading volatility. Markets cycle back and forth between range expansion and range contraction.
- We look to get in the right direction on a large range day.
- Market flow analysis only considers the most recent high and low and which one was penetrated to give you a bias. Try to trade in the direction of market flow on the 4 hour chart.
- Key support or resistance will always trump market flow.
- When price is trading down to the daily pivot point and it has not traded below the central pivot point at all, then it can act as support even though generally at or below the central pivot is the buy zone and at or above the central pivot is the sell zone.
- **COT data should be monitored at least once a week on the weekly futures chart and Open Interest should be monitored daily on the daily futures chart.**